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Washington, D.C. 20549

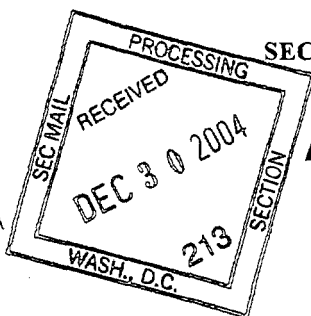
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 10/01/03 AND ENDING 09/30/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: LEMPERT BROTHERS INTERNATIONAL USA, INC.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

667 MADISON AVE, 18TH FLOOR

(No. and Street)

NEW YORK

NY

10021

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

JOHN PLUNKETT

(212) 715-9887

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

SUSSMAN, STEPHEN, J.

(Name - if individual, state last, first, middle name)

12 PARMENTER ROAD

LONDONDERRY

03053

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

PROCESSED

JAN 05 2005

THOMSON
FINANCIAL**FOR OFFICIAL USE ONLY**

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

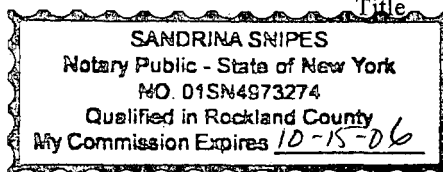
I, JOHN PLUNKETT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LEMPERT BROTHERS INTERNATIONAL USA, INC., as of SEPTEMBER 30, 20 04, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Signature

PRESIDENT

Title

Sandrina Snipes
Notary Public 12/29/04



This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

LEMPERT BROTHERS INTERNATIONAL USA, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

STEPHEN J. SUSSMAN

Certified Public Accountant

12 PARMENTER ROAD

LONDONDERRY, NH 03053

TEL. (603) 437-1910

FAX (603) 437-3676

Independent Auditor's Report

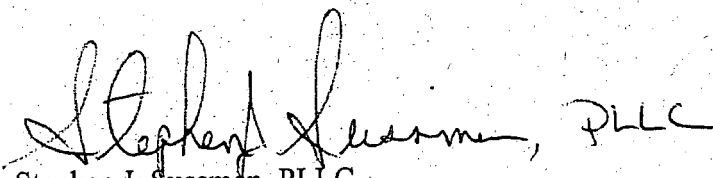
To the Board of Directors of
Lempert Brothers International USA, Inc.
New York, NY

We have audited the accompanying statement of financial condition of Lempert Brothers International USA, Inc. (the Company) as of September 30, 2004 and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lempert Brothers International USA, Inc. as of September 30, 2004, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, III, and IV, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Stephen J. Sussman, PLLC
Certified Public Accountant
Londonderry, New Hampshire
December 23, 2004

LEMPERT BROTHERS INTERNATIONAL USA, INC.

STATEMENT OF FINANCIAL CONDITION

SEPTEMBER 30, 2004

ASSETS

Cash	\$ 41,756
Prepaid expenses	507
Security deposit	16,000
Loan to affiliate	6,800
Deferred tax assets, net of valuation allowance of \$153,284	-
Equipment, at cost, less accumulated depreciation of \$4,116	<u>11,132</u>
Total Assets	<u>\$ 76,195</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES:

Accounts payable, accrued expenses, and other liabilities	\$ 4,376
Income taxes payable	<u>125</u>
Total liabilities	<u>4,501</u>

SHAREHOLDERS' EQUITY:

Common stock, no par value, 200 shares authorized, issued and outstanding	970,796
Retained earnings (deficit)	<u>(899,102)</u>
Total shareholders' equity	<u>71,694</u>
Total liabilities and shareholders' equity	<u>\$ 76,195</u>

The accompanying notes are an integral part of these financial statements.

LEMPERT BROTHERS INTERNATIONAL USA, INC.

STATEMENT OF INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2004

Revenues:	
Commissions	\$ 825
Fee income	15,000
Interest and dividends	<u>32</u>
Total revenue	<u>15,857</u>
Expenses:	
Employee compensation and benefits	274,200
Communications, occupancy, and equipment rental	67,462
Other operating expenses	<u>112,578</u>
Total expenses	<u>454,240</u>
Net income (loss) before taxes	<u>(438,383)</u>
Provision for income taxes	<u>705</u>
Net income (loss)	<u>\$ (439,088)</u>

The accompanying notes are an integral part of these financial statements.

LEMPERT BROTHER INTERNATIONAL USA, INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Common Stock</u>	<u>Retained Earnings (deficit)</u>	<u>Total</u>
Balance at October 1, 2003	\$ 546,296	\$ (460,014)	\$ 86,282
Additional paid in capital	424,500		424,500
Net income (loss)		(439,088)	(439,088)
Balance at September 30, 2004	<u>\$ 970,796</u>	<u>\$ (899,102)</u>	<u>\$ 71,694</u>

The accompanying notes are an integral part of these financial statements.

LEMPERT BROTHERS INTERNATIONAL USA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2004

Cash flows from operating activities:

Net income (loss) \$ (439,088)

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation 4,116

Increase in security deposit (2,667)

Increase in loan to affiliate (6,800)

Increase in prepaid assets (507)

Increase in accounts payable, accrued expenses, and other liabilities 3,076

Increase in taxes payable 125

Total adjustments (2,657)

Net cash used by operating activities (441,745)

Cash flows from investing activities:

Purchase of equipment (2,916)

Cash flows from financing activities

Additional capital contributions 424,500

Net decrease in cash (20,161)

Cash at beginning of the year 61,917

Cash at end of the year \$ 41,756

Supplemental cash flow disclosures:

Interest payments \$ -

Income tax payments \$ 580

Disclosure of accounting policy:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Money market accounts are not considered to be cash equivalents

The accompanying notes are an integral part of these financial statements.

LEMPERT BROTHERS INTERNATIONAL USA, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

The Company was incorporated on December 18, 2002. It serves as a broker/dealer in securities specializing in private placements.

Fixed Assets

Furniture and equipment are being depreciated using the straight-line method over their estimated useful lives, ranging from five to seven years. For the fiscal year ended September 30, 2004, depreciation expense was \$4,116.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – NET CAPITAL

As a broker dealer, the Company is subject to the Securities and Exchange Commission's regulations and operating guidelines, which require the Company to maintain a specified amount of net capital as defined, and a ratio of aggregate indebtedness to net capital as derived, not exceeding 15 to 1. The Company's net capital as computed under 15c3-1, was \$37,255 at September 30, 2004, which exceeded required net capital of \$5,000 by \$32,255. The ratio of aggregate indebtedness to net capital at September 30, 2004 was 12.08%.

LEMPERT BROTHERS INTERNATIONAL USA, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2004

NOTE 3 – TAXES ON INCOME

Taxes on income consist of the following:

	Federal	State	City	Total
Current	\$ 0	\$ 405	\$ 300	\$ 705
Deferred	0	0	0	0
	<u>\$ 0</u>	<u>\$ 405</u>	<u>\$ 300</u>	<u>\$ 705</u>

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred tax assets are recorded to reflect deductible temporary differences and operating loss carryforwards while deferred tax liabilities are recorded to reflect taxable temporary differences.

As of September 30, 2004 the company had a total of \$895,090 in operating loss carry-forwards resulting in deferred tax assets for federal and state tax purposes. A valuation allowance for the total amount of the deferred tax assets was assessed due to the uncertainty of utilizing those assets.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Company is committed to an operating lease for office space. Approximate future minimum lease payments of all non-cancelable operating leases for the next year is as follows:

2005	<u>\$16,000</u>
	<u>\$16,000</u>

Rent expense for the office space for the fiscal year 2004 was \$55,000.

LEMPERT BROTHERS INTERNATIONAL USA, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

SEPTEMBER 30, 2004

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Company is engaged in various brokerage activities with counterparties. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the credit worthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

NOTE 6 – RELATED PARTY TRANSACTIONS

The majority stockholder of Lempert Brothers International USA, Inc. is also the majority stockholder of an affiliated company, Lempert, Inc.

Lempert, Inc. co-leases the office space that Lempert Brothers International USA, Inc. rents. The total amount of rent paid on behalf of this related party during the fiscal year was \$7,000. The amount due from this related party at September 30, 2004 was \$6,800.

LEMPERT BROTHERS INTERNATIONAL USA, INC.

SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED SEPTEMBER 30, 2004

SCHEDULE I

LEMPERT BROTHERS INTERNATIONAL USA, INC.

COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL PURSUANT TO RULE 15c3-1

SEPTEMBER 30, 2004

AGGREGATE INDEBTEDNESS:

Accounts payable, accrued expenses, and other liabilities \$ 4,501

TOTAL AGGREGATE INDEBTEDNESS \$ 4,501

NET CAPITAL:

Capital stock 970,796

Retained earnings (899,102)

71,694

ADJUSTMENTS TO NET CAPITAL:

Prepaid assets (507)

Furniture & equipment (11,132)

Security deposit (16,000)

Loan to affiliate (6,800)

Haircuts -

Net capital, as defined \$ 37,255

MINIMUM NET CAPITAL REQUIREMENT 5,000

NET CAPITAL IN EXCESS OF REQUIREMENT \$ 32,255

RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL 12.08%

There were no material differences between the audited and unaudited computation of net capital.

SCHEDULE II

LEMPERT BROTHERS INTERNATIONAL USA, INC.

INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3

SEPTEMBER 30, 2004

The Company had no items reportable as customers' fully paid securities: (1) not in the Company's possession or control as of the audit date (for which instructions to reduce to possession or control had been issued as of the audit date) but for which the required action was not taken by the Company within the time frames specified under Rule 15c3-3 or (2) for which instructions to reduce to possession or control had not been issued as of the audit date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.

SCHEDULE III

LEMPERT BROTHERS INTERNATIONAL USA, INC.

**SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS
IN SEGREGATION FOR CUSTOMERS' REGULATED
COMMODITY FUTURES AND OPTION ACCOUNTS**

SEPTEMBER 30, 2004

The Company claims exemption from the segregation requirements of the Commodities Futures Act since it has no commodity customers as the term is defined in Regulation 1.3(k).

SCHEDULE IV

LEMPERT BROTHERS INTERNATIONAL USA, INC.

**COMPUTATION FOR DETERMINATION OF
RESERVE REQUIREMENTS FOR BROKER/DEALER UNDER
RULE 15c3-3 OF THE SECURITIES EXCHANGE ACT OF 1934**

SEPTEMBER 30, 2004

Lempert Brothers International USA, Inc. is exempt from the reserve requirements of Rule 15c3-3 as its transactions are limited, such that they do not handle customer funds or securities, accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

STEPHEN J. SUSSMAN

Certified Public Accountant

12 PARMENTER ROAD

LONDONDERRY, NH 03053

TEL: (603) 437-1910

FAX: (603) 437-3676

Independent Auditor's Report on Internal Control Structure Required by SEC Rule 17a-5

Board of Directors

Lempert Brothers International USA, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Lempert Brothers International USA, Inc., (the Company), for the year ended September 30, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

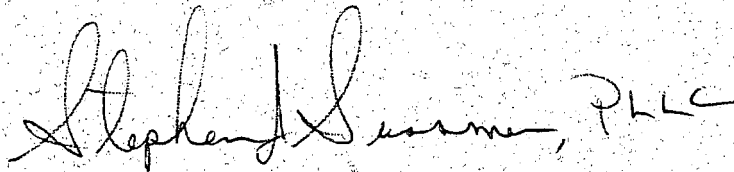
The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weakness as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at September 30, 2004, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers Regulation, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Stephen J. Sussman, PLLC
Certified Public Accountant
Londonderry, New Hampshire
December 23, 2004

STEPHEN J. SUSSMAN

Certified Public Accountant